

BPA's Strategic Direction

with Key Agency Targets for Fiscal Year 2005

BPA's Mission

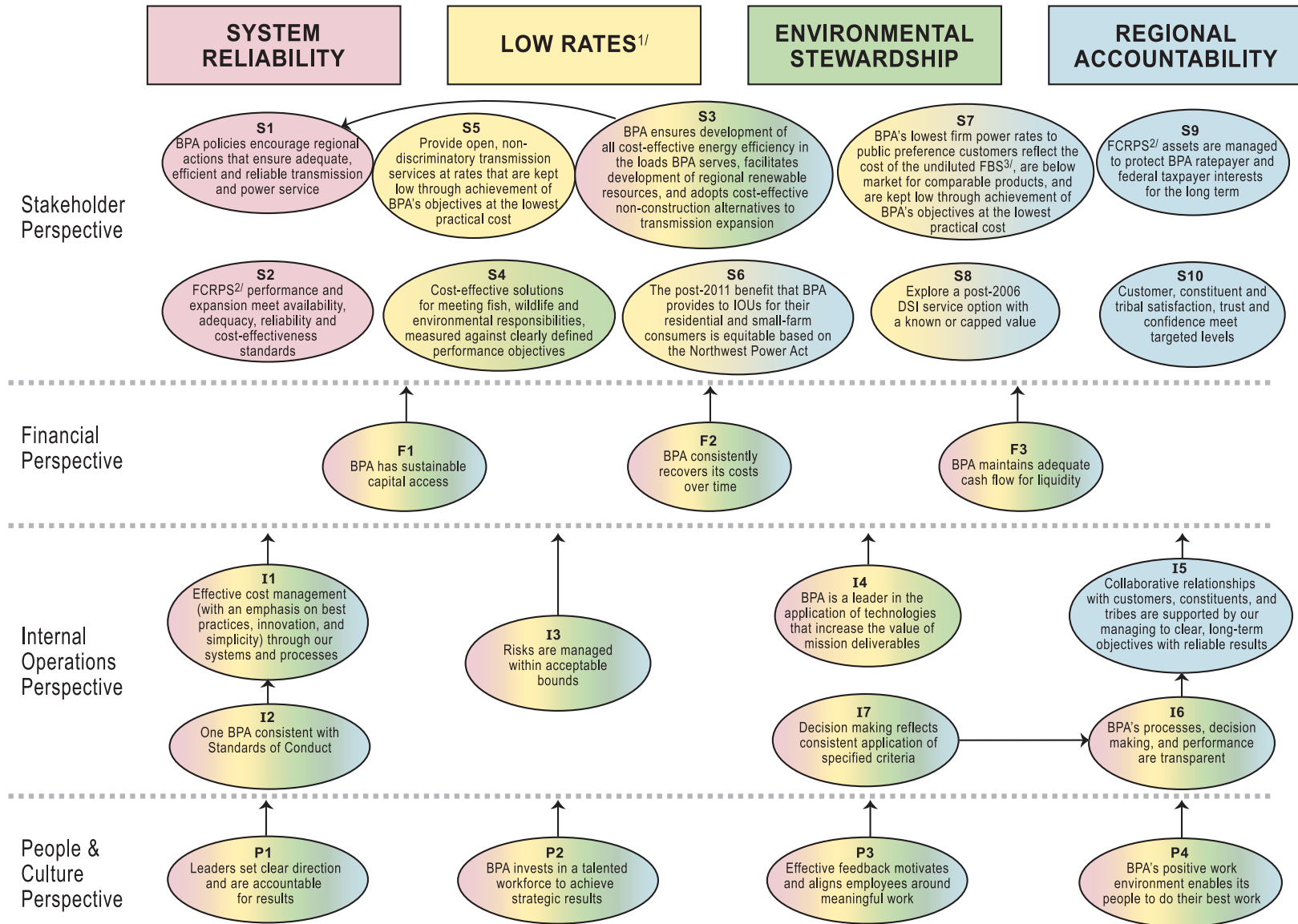
The Bonneville Power Administration's mission as a public service organization is to create and deliver the best value for our customers and constituents as we act in concert with others to assure the Pacific Northwest:

- An adequate, efficient, economical and reliable power supply;
- A transmission system that is adequate to the task of integrating and transmitting power from federal and non-federal generating units, providing service to BPA's customers, providing interregional inter-connections, and maintaining electrical reliability and stability; and
- Mitigation of the Federal Columbia River Power System's impacts on fish and wildlife.

BPA is committed to cost-based rates and public and regional preference in its marketing of power. BPA will set its rates as low as possible consistent with sound business principles and the full recovery of all of its costs, including timely repayment of the federal investment in the system.



Agency Strategy Map 2007-2011



^{1/} Consistent with sound business principles

^{2/} Federal Columbia River Power System

^{3/} Federal Base System

BPA's Vision

BPA will be an engine of the Northwest's economic prosperity and environmental sustainability. BPA's actions advance a Northwest power system that is a national leader in providing:

- High reliability;
- Low rates consistent with sound business principles;
- Responsible environmental stewardship; and
- Accountability to the region.

We deliver on these public responsibilities^{1/} through a commercially successful business.

^{1/} Our public responsibilities are defined by the four characteristics listed above.

Targets strengthen the “Four Pillars”

In 2004, BPA laid out its strategic direction and set immediate targets toward the long-term objectives shown on the agency strategy map.

In 2005, we're continuing down this path. The agency mission statement, vision and objectives shown here are a more refined expression of the same direction.

Key agency targets for this year also continue the direction set in 2004. Some, such as the target for customer satisfaction, are precisely the same as last year. Others reflect the next chapters in ongoing policy development or construction efforts. All key agency targets link directly to the balanced scorecards of our business units and the performance contracts of our vice presidents.

As the color-coding on the agency strategy map illustrates, each objective also helps hold up one or more of the four “pillars” of BPA's vision: high reliability, low rates, environmental stewardship and regional accountability.

For details on BPA strategic planning, agency and business line strategy maps and scorecards, go to <http://teambpa/comm/bsc/>.

Key Agency Targets for 2005

Stakeholder Perspective

System Reliability

- Critical infrastructure:
 - ◆ Critical transmission milestones are completed on time and capital expenditures for 13 key projects do not exceed \$108 million in FY 2005.
 - ◆ Hydro generation is increased by 20 aMW through the hydro efficiencies program.
- Deliver at least 40 average megawatts (aMW) of new conservation savings from all of BPA's energy efficiency programs, with new Conservation Augmentation savings costing \$1.2 to \$1.4 million per aMW.
- Unplanned outage frequency and duration for key transmission circuits are within control chart limits ***and*** no involuntary curtailments of firm load occur as a result of transmission system security breach or cascading failure initiated on the BPA system.
- Hydro generating units achieve heavy-load-hour availability targets ***and*** no involuntary curtailments of firm load occur as a result of inadequate power supply or as a result of a generation system security breach.

Low Rates

- The Regional Dialogue process meets the established schedule for determining BPA's policy on post-2011 power contracts and rates.

Environmental Stewardship

- A new Columbia River salmon/steelhead Biological Opinion (BiOp) corrects the deficiencies of the re-manded BiOp and:
 - ◆ provides further definition of performance standards;
 - ◆ provides support for the most cost-effective strategies to achieve defined objectives; and
 - ◆ is based on best available science.
- The outcome of BiOp litigation is consistent with BPA's financial objectives.

Regional Accountability

- Agency customer satisfaction rating: 7.2 to 7.8
- Agency constituent satisfaction rating: 7.0 to 7.5
- Agency tribal satisfaction rating: 5.5 to 6.5

Financial Perspective

- Establish a capital management strategy that, based on current capabilities and assumptions, is sustainable without an increase in Treasury borrowing authority through 2018, and that can adapt to contingencies through 2011.
- Modified Net Revenue is in the range of \$55 million to \$180 million.
- Treasury payment is made in full for the 22nd consecutive year.
- Financial performance enables BPA to:
 - ◆ set power rates for FY 2006 that are lower than the FY 2005 level; and
 - ◆ set transmission rates for FY 2006 that are increased less than 15 percent from FY 2005 levels, without compromising agency financial and risk management standards or other key agency targets.

Internal Operations Perspective

- Seven functional reviews are completed through the future-state design phase and yield targeted "One BPA" efficiencies.
- Actual internal operating costs are in the range of \$471 million to \$501 million.

People and Culture Perspective

- Employee understanding of BPA business strategy is high (average of six questions is $\geq 72\%$).
- Lost-time accident frequency rate: 1.1 to 1.5 per 200,000 hours worked. No fatal injuries occur to BPA employees or contract employees working on BPA facilities.